



CHEDA Board Meeting Minutes
Tuesday, May 16, 2017, 7:00 a.m. † VTP

Present: Kurt Heldstab, Craig Morgan, Steve Erickson, Leon Kremeier, Paul Eickhof, Dale Stainbrook, Lee Meier, Tom Vedbraaten, Chris Bates, Amanda Lien and Angelica Weasner

CHEDA Staff: Craig Hoiseth, Tiffany Jones, Dana Johnson, and Theresa Tahrán

Others present: Mike Christopherson, Kristi Thorfinnson, Shannon Stassen & Jason Carlson

- 1) President Heldstab called the meeting to order at 7:00 a.m.
- 2) PUBLIC FORUM - None
- 3) *Motion: Member Erickson moved to approve the May 16, 2017 CHEDA Board Meeting Agenda as presented, second by Kremeier. Motion carried unanimously.*
- 4) *Motion: Member Kremeier moved to approve the April 18, 2017 Board Meeting Minutes as presented, second by Morgan. Motion carried unanimously.*
- 5) *Motion: Member Vedbraaten moved to approve the consent agenda, second by Morgan. Motion carried unanimously.*
 - a) CHEDA Bills Payable (Check 42634-42710, 42712-42747 Totaling \$113,936.79)

6) Main Agenda

- a) **Agassiz Townhome Resolution-** Hoiseth read aloud the resolution. We had the ability to have the vouchers in the application for the Agassiz project however needed to go through the RFQ process to actually award them. Jason Carlson was present and gave the board an update on the project. Tri-Valley has applied with MN Housing for the GAP financing and waiting for the official notification that the GAP financing has been approved. It appears Wells Fargo is willing to finance the project with the acquisition of the tax credits however this would result in more difficult position to leverage local content and also will likely create a gap that MN Housing will have to be willing to address. As difficult as the uncertainty of the tax credit market is currently overall, it is likely this option is still the best available. Design work on the Agassiz project is completed and steps have been taken to establish the TIF district. The Phase 1 environmental review is being done so we are ready to go as soon as we get the necessary approvals from MN Housing. CHEDA will have to transfer the land prior to the closing.

Motion: Member Kremeier moved to award the bid (RFP) for 6 Project Based Vouchers (PBV) to Tri-Valley Opportunity Council for the Agassiz Townhome project, second by Morgan. Motion carried unanimously.

b) Stipend Policy Review - Board had requested a framework for the Stipend.

Hoiseth stated that we reviewed and verified state regulations and also evaluated what other communities are doing with similar types of programs. The local media has put this information from the last meeting out into the public now for 30 days and there have been no other requests or inquiries from others yet for this type of assistance. This would be considered another tool in the toolbox to further the economic development in Crookston. It would be a smaller amount for someone not having to take on additional debt. Meier asked if there is a Claw back policy. Hoiseth stated that if the recipient doesn't fulfill requirements they will have to pay back on a prorated amount (20% per year). State Statute requires this provision. This would be through a personal guarantee. Heldstab stated that since there have been no other calls on this, the program use might be light. Hoiseth stated that the feedback has been very positive, and perhaps businesses are waiting to see the provisions and framework of a new incentive before inquiring. Heldstab stated that the money is being proposed from the positive funds of VTP. If there are too many requests then we could possibly ask for additional funding from the City Council. Hoiseth stated that we would launch this program only anticipating using funds from the net proceeds from VTP. Revenues are sufficient at this time to get this going, and a conservative approach would be taken to insure adequate funding is available. Erickson asked if the current occupancy of VTP is 92% then what are the future projections of tenants coming in or departing. Hoiseth stated that we are looking at losing a few tenants in the near future. Other incubators in MN are not doing this type of program because they are only at 10-20% occupancy. Is this something that the board wants to review each time or do they want to include this in the \$5,000 discretion that Hoiseth has previously been given. Vedbraaten stated that as long as the board is made aware of this somehow, Hoiseth should have that discretion. Vedbraaten stated that we have talked about incentives for a long time and this is a good, small way to start. Heldstab stated that we need to move this forward as a way to help our businesses in the community. Stassen stated that this is a positive way to move businesses out of VTP and move them forward into the community. Hoiseth stated that 40% of our occupancy is UMC and AURI. Our other tenants that are long term could change very soon, which will reduce income, but will free up space for others needing it. Morgan stated that this could really help building owners downtown, provide them some needed moral support and not put pressure on City funds. Heldstab inquired if the building owners can't afford to invest do we look at a loan for them? Hoiseth stated that we could do that, but debt/equity ratios are always considered in any deal. Vedbraaten stated that if we have an incentive, he wants to see we are working within our budget and closely monitor growth of the program. Hoiseth stated that we still have to maintain VTP, so it is not simply revenue minus expense calculation to determine this program's allocation amount. This current request is for a stipend for rent. The next request might be for a sign, meaning we want to be flexible. They would only qualify if deemed an incubating type of business. This type of item (stipend) can be included onto the consent agenda for the board in the future to approve.

Motion made by member Kremeier to approve the Stipend Program policy seconded by member Morgan. Motion carried unanimously.

c) **Stipend for Sweet Light Photography** –Board stated in previous discussion that it is ok with moving forward with this specific stipend and allowing Hoiseth to make the decision, assuming it stays within his discretionary limit.

7) Other

Bates presented a handout of the CT house financial summary over the last 5 years. He stated that there should be money somewhere for someone. He stated that there was a 12.5% deferential in the rain gutters and doesn't understand the reason for this large of a difference. He stated the margins are very thin and volatile, and shows an appearance of a high level of risk associated with the project. CHEDA does take a ten thousand dollar fee for the cost of money being deployed and administrative work so it is not a money maker for CHEDA. The Housing Coop has a general contractor's fee of 10,700 which is a flat fee not a percentage of the house built. Eickhof commented this was an interesting evaluation of the variations over the past several years.

Board Reports

Bates stated that the ALC has decided to move into Fenno's building downtown this summer.

Hoiseth stated that there will be an open house for the CT house on Thursday evening.


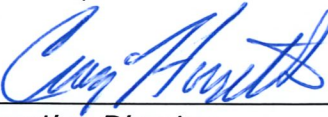
There will be a tour of the New Flyer facility immediately following the regular board meeting. We will have a Tri-Valley bus here to transport any board members to the front door and return back to VTP after the tour.

Lien shared there will be an open house of the Fournet building and a community forum on June 2nd and 3rd.

Carlson shared that Tri-Valley is a non-profit and doesn't have the ability to build a reserve or take on long term debt. They have some accessibility and maintenance issues with their current building and the Board has given the go ahead to look at options which will include looking at the Fournet building as a possibility.

There being no further business to come before the board, President Heldstab adjourned the meeting at 7:52 a.m.

These minutes were officially approved on July 18, 2017

Attest:  and 
Board President Executive Director